

MRA ORDERING PROCEDURES

A. PRICING

The Contractor must provide a copy of the referenced Manufacturer's Price List for every item and service quoted. Notwithstanding references elsewhere in this Agreement to costs or prices, including, but not limited to, references to "current" or "prevailing prices", all references in this Agreement to costs or prices shall be deemed to be costs or prices from the Price List and the price to the State shall be deemed to mean the "net cost", with discount applied.

Discounts quoted herein shall apply to **ALL** the products on the MSRP that correspond to the Group Headings in this Agreement. Contracts shall be for all items found on a MSRP that are subsumed in a group according to this agreement.

B. PRICE ESCALATIONS AND DECLINES

Price escalations will take affect on the first payment after the escalation is approved by the Department of General Services. Price declines shall be effective immediately upon any public notification of the decline. Prices shall not escalate on a Lease Order after issuance.

1. Price Escalation

Prices shall be allowed to escalate with the retail Price List; however, only one price escalation shall be allowed within any six (6) month period after February 18, 2000.

2. Price Declines Applicable to Manufacturers

Prices quoted shall be maximum for the contract period subject to any price escalation provisions. However, should a price decline be announced by the manufacture after contract award, but prior to the State taking title to the equipment it shall be passed on in total to the State of California by the manufacturer. Any interest, finance, or other charges based on the contract price will be recomputed using the original bid rates and the differences will also be passed to the State in total.

3. Price Declines Applicable to Third Party Contractors

Prices quoted shall be the maximum for the contract period subject to any price escalation provisions. However, should a price decline be announced by the manufacturer after contract award, but prior to a third party contractor taking title to the equipment; and should third party contractor be the recipient of this manufacturer's price decline; it shall be passed on in total to the State of California by the third party contractor. Any interest, finance, or other charges based on the contract price will be recomputed using the original bid rates and the differences will also be passed to the State in total.

C. COST ADJUSTMENTS

1. Accrued Credit for Purchase Option

The Contractor agrees that the Ordering Agency may, at any time following acceptance of the equipment and during the life of the Lease Order, purchase any or all machines on the Lease Order. During the period of time an Agency leases equipment the Contractor must credit the ordering Agency with a portion of the lease payments as accrued credit toward the purchase of the equipment. A credit for monthly lease payments made during the term of the lease in the amount calculated as follows shall be applied to the remaining

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amount owed to the purchase price, derived from the MSRP price list as discounted in the MRA, under the lease:

PC's, Laptops, Servers, Unix devices, monitors and terminals, all Printers and peripherals: 15% of the monthly lease payment up to 50% of the total purchase price shall be allowed as credit toward the purchase of any equipment leased under a Master Rental Agreement resulting from this RFP.

Bridges, Routers, Hubs, Token rings and Multiplexors: 20% of the monthly lease payment up to 50% of the total purchase price shall be allowed as credit toward the purchase of any equipment leased under a Master Rental Agreement resulting from this RFP

Controllers: 20% of the monthly lease payment up to 60% of the total purchase price shall be allowed as credit toward the purchase of any equipment leased under a Master Rental Agreement resulting from this RFP

2. Termination Charges

Notwithstanding termination for convenience language in the General Provisions, when terminating a Lease Order prior to its full term, except for equipment orders that are upgrades to leased equipment, the State shall pay a termination fee that is based on the total of remaining lease payments less an undepreciated amount as stated below.

The percentages in the table below represent a percentage of the lease payment total to be deducted from the remaining total of lease payments for the affected equipment at the end of a monthly payment period. During the periods stated in the table the deduction is limited to this amount, *thereafter the total of remaining lease payments shall be the termination fee.*

TERMINATION FEE DEPRECIATION CALCULATION TABLE

TERM	12 months	24 months	36 months	48 months (not PC's)
<i>PC's, Laptops, Servers, Unix devices, monitors and terminals, all Printers and peripherals</i>	1 st 3months –50%	1 st 3months –50%	1 st 3months –50%	1 st 3months –50%
	2 nd 3 months –40%	2 nd 3 months –40%	2 nd 3 months –40%	2 nd 3 months –40%
		3 rd 3 months –30%	3 rd 3 months –30%	3 rd 3 months –30%
			4 th 3 months –20%	4 th 3 months –20%
<i>Bridges, Routers, Hubs, Token rings and Multiplexors</i>	1 st 3months –60%	1 st 3months –60%	1 st 3months –60%	1 st 3months –60%
	2 nd 3 months –50%	2 nd 3 months –50%	2 nd 3 months –50%	2 nd 3 months –50%
		3 rd 3 months –40%	3 rd 3 months –40%	3 rd 3 months –40%
			4 th 3 months –30%	4 th 3 months –30%

D. LEASE RATES FOR PAYMENT SCHEDULES

The fixed rate quoted herein shall be allowed to vary at the time of lease order placement depending upon the rate of change of the commensurate US Treasury-Bill rate of change after each six (6) month interval commencing with the RFP final proposal due date. The T-Bill rates must have changed in excess of 20 basis points to allow the quoted rate to vary after each six month period. If the T-Bill rate has declined in excess of 20 basis points the State shall have the right to demand the quoted lease rate be adjusted a commensurate number of points downward.

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For example:

The Final Proposal due date of the RFP is February 2000, and a 36 month lease was quoted at 5%. If a lease order is dated March 2002 and if the 36 month T-bill has changed upward by 25 basis points from the rate on February 2000 the rate of the lease may be adjusted to 5.25%.

The Contractor shall be required to supply verifiable evidence of the appropriate T-Bill rate changes to support a request for rate change before the State can allow for an upward adjustment of the fixed rate offered herein. Rates shall not escalate on a lease order after issuance.

If the State delays installation, as allowed under this agreement, for puposes of this section the order placement date will be deemed to have also been changed by the same number of days.